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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman

2010 MAY 17 P 4:41

GARY PIERCE
Commissioner

AZ CORP COMMISSION
DOCKET CONTROL

PAUL NEWMAN
Commissioner

Arizona Corporation Commission

DOCKETED

SANDRA D. KENNEDY
Commissioner

MAY 17 2010

BOB STUMP
Commissioner

DOCKETED BY

MM

IN THE MATTER OF THE APPLICATION OF)
ARIZONA-AMERICAN WATER COMPANY,)
AN ARIZONA CORPORATION, FOR A)
DETERMINATION OF THE CURRENT FAIR)
VALUE OF ITS UTILITY PLANT AND)
PROPERTY AND FOR INCREASES IN ITS)
RATES AND CHARGES BASED THEREON)
FOR UTILITY SERVICE BY ITS ANTHEM)
WATER DISTRICT AND ITS SUN CITY)
WATER DISTRICT.)

DOCKET NO. W-01303A-09-0343

IN THE MATTER OF THE APPLICATION OF)
ARIZONA-AMERICAN WATER COMPANY,)
AN ARIZONA CORPORATION, FOR A)
DETERMINATION OF THE CURRENT FAIR)
VALUE OF ITS UTILITY PLANT AND)
PROPERTY AND FOR INCREASES IN ITS)
RATES AND CHARGES BASED THEREON)
FOR UTILITY SERVICE BY ITS)
ANTHEM/AGUA FRIA WASTEWATER)
DISTRICT, ITS SUN CITY WASTEWATER)
DISTRICT AND ITS SUN CITY WEST)
WASTEWATER DISTRICT.)

DOCKET NO. SW-01303A-09-0343

NOTICE OF FILING TESTIMONY SUMMARIES

Attached are testimony summaries for the following witnesses:

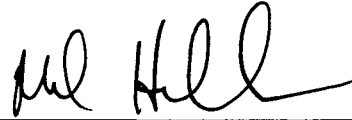
1. Thomas M. Broderick
2. Paul G. Townsley

1 3. Ian C. Crooks

2 4. Constance Heppenstall

3 RESPECTFULLY SUBMITTED this 17th day of May, 2010.

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12 ORIGINAL and thirteen (13) copies
13 of the foregoing filed this 17th day
14 of May, 2010, with:

15 The Arizona Corporation Commission
16 Utilities Division – Docket Control
17 1200 W. Washington Street
18 Phoenix, Arizona 85007

19 Copy of the foregoing hand-delivered
20 this 17th day of May, 2010, to:

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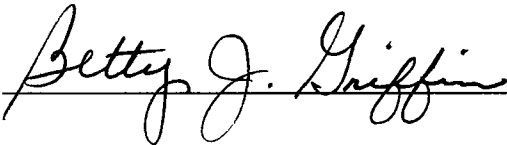
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Testimony Summary for Thomas M. Broderick:

Mr. Broderick's Rebuttal of Staff Rate Design Testimony first responds to Staff's recommendations in its March 29, 2010 testimony on district stand-alone rate design. Next, he briefly responds to other district stand-alone issues such as the existing Sun City Low Income Program and the Company's proposed Infrastructure Improvement Surcharge. Then, he turns to the Company's response to Staff's alternative rate consolidation scenarios and concludes that the only sensible alternative approach to stand-alone rates is a statewide rate consolidation of the Company's districts on a transition timeline which will mitigate the short-term rate increases and decreases.

Mr. Broderick's Rebuttal testifies in response to Intervenor rate design testimony that:

The Company can accept a Commission order establishing a new effluent tariff for the Agua Fria / Anthem *wastewater* district. The Company, however, cannot accept DMB's proposed effluent price of \$250 / acre foot.

The Company is willing to process applications from low income residents of HOAs to participate in Sun City's low income program so long as they provide some documentation to demonstrate where they live so that the Company knows precisely which HOA water account to provide the \$4 per month discount.

The Company accepts Mr. Magruder's proposed miscellaneous charges.

The Company absolutely does **not** accept RUCO Mr. Moore's suggestion to forego the "entire authorized return" while phasing-in the increase over three years.

Decision No. 71410 required the Company to "commence a dialogue" and "initiate town-hall style meetings" and to "collect feedback from consumers" on rate consolidation and that requirement has been fulfilled.

Testimony Summary for Paul G. Townsley:

Mr. Townsley testifies regarding certain benefits of consolidation for ratemaking purposes.

Mr. Townsley also will adopt the pre-filed direct testimony of Christopher C. Buls, as follows:

Arizona-American supports the implementation of an infrastructure improvement surcharge in the Sun City Water District. Sun City Water has the oldest infrastructure of any of the Company's districts, and the infrastructure is at point in the asset life cycle where significant levels of replacement capital will begin to be invested. The qualifying assets would be limited to replacements of existing assets, including replacement mains, hydrants, meters (including AMR replacements), services, tanks and booster stations.

Testimony Summary for Ian C. Crooks:

Mr. Crooks has adopted the pre-filed direct testimony of Bradley J. Cole, as follows:

The Sun City Water District infrastructure includes replacement mains, replacement meters, replacement pumps, motors, electrical and control equipment at Sun City booster stations. The Company has identified certain segments of water main in the Sun City Water District that have a higher frequency, or concentration, of failure rates than the rest of the water district and seeks to include the costs of these replacements as part of the surcharge, as well as the cost of repairs for other segments that may need work. The Company also seeks to include the cost of the Sun City Water District main replacement program and the booster replacement program as part of the infrastructure improvement surcharge.

Testimony Summary for Constance E. Heppenstall

In her rebuttal of Staff rate design testimony, Ms. Heppenstall testifies as follows:

Ms. Heppenstall explains the rate consolidation model prepared for each of the operating districts for both water and wastewater for Arizona-American Water Company. The purpose of the rate consolidation model is to aid the user in developing consolidated rates which produce the overall revenue requirements of the Company and to analyze the impact of rate consolidation for each operating district and customer class. Ms. Heppenstall sponsors the Rate Consolidation Model, Version 1,2 and Version 3.

In her rebuttal of Intervenor rate design testimony, Ms. Heppenstall testifies as follows:

Ms. Heppenstall explains Version 4 of the rate consolidation model prepared for each of the operating districts for both water and wastewater for Arizona-American Water Company (Company) and corrects certain present rate assumptions.

Ms. Heppenstall sponsors the Rate Consolidation Model, Version 4.